

EAST CENTRAL IOWA
COUNCIL OF GOVERNMENTS

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2022, 2021 and 2020

- Prepared By -

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EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>County</u>	<u>Term Expires</u>
Dave Fish	Vice-Chairperson	Benton	12-31-23
Kathleen VanSteenhuyse	Member	Benton	12-31-22
Tracy Seeman	Member	Benton	12-31-22
Kevin Heitshusen	Member	Iowa	12-31-24
Vicki Pope	Member	Iowa	12-31-24
Tony Hocamp	Member	Iowa	12-31-23
Rod Sullivan	Member	Johnson	12-31-22
Laura Bergus	Member	Johnson	12-31-22
Dave Wageman	Member	Johnson	12-31-22
Donna Brooks	Member	Johnson	12-31-22
Rod Smith	Member	Jones	12-31-24
Jon Zirkelbach	Chairperson	Jones	12-31-23
Derek Lumsden	Member	Jones	12-31-24
Adam Griggs	Member	Linn	12-31-23
Ben Rogers	Member	Linn	12-31-23
David Connolly	Member	Linn	12-31-23
Darrin Gage	Member	Linn	12-31-22
Eric Van Kerkhove	Member	Linn	12-31-22
Bob Yoder	Member	Washington	12-31-23
Deanna McCusker	Member	Washington	12-31-22
Mary Audia	Secretary/Treasurer	Washington	12-31-24
Karen Kurt	Executive Director		6-30-22



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Central Iowa Council of Governments
Cedar Rapids, IA 52401

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the East Central Iowa Council of Governments (ECICOG), as of and for the years ended June 30, 2022, 2021 and 2020, and the related Notes to Financial Statements, which collectively comprise ECICOG's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of ECICOG as of June 30, 2022, 2021 and 2020 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am required to be independent of ECICOG, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of Matter

As discussed in Note 10 to the financial statements, ECICOG adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. My opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ECICOG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ECICOG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about ECICOG's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Agency's Proportionate Share of the Net Pension Liability, the Schedule of Agency Contributions and the Schedule of Changes in the Agency's Total OPEB Liability, Related Ratios and Notes on pages 5 through 7 and 21 through 25 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ECICOG's basic financial statements. I previously audited, in accordance with the standards referred to in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report, the financial statements for the nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 and 2, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information in Schedules 1 and 2 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Officials section on page 1 and the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 28, 2022 on my consideration of ECICOG's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the ECICOG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ECICOG's internal control over financial reporting and compliance.



Charles City, Iowa
November 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

East Central Iowa Council of Governments (ECICOG) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. I encourage readers to consider this information in conjunction with ECICOG's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ECICOG's operating revenues decreased 18%, or \$1,841,604, from fiscal 2021 to fiscal 2022. Federal and state funds decreased \$1,792,098 in 2022 due to decreased funds for transportation and revolving loans.
- ECICOG's operating expenses decreased 28%, or \$2,035,693 in fiscal 2022 from fiscal 2021. The decrease in expenses is due to increased transportation grants and EDA funds during the fiscal year.
- ECICOG's net position increased 35%, or \$3,424,118, from June 30, 2021 to June 30, 2022.

USING THIS ANNUAL REPORT

The East Central Iowa Council of Governments is a 28E organization and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to ECICOG's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of ECICOG's financial activities.

The Statements of Net Position present information on ECICOG's assets and deferred outflows of resources less the Agency's liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of ECICOG is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on ECICOG's operating revenues and expenses, non-operating revenues and expenses and whether ECICOG's financial position has improved or deteriorated as a result of the year's activities.

The Statements of Cash Flows present the changes in ECICOG's cash and cash equivalents during the year. This information can assist readers of the report in determining how ECICOG financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Agency's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the grant activity. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the Agency.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of ECICOG's financial position. ECICOG's net position for fiscal 2022 totaled approximately \$13,181,298. This compares to approximately \$9,757,180 at the end of fiscal 2021. A summary of ECICOG's net position is presented below.

	June 30,	
	2022	2021
Current assets	\$ 6,708,740	\$ 4,629,254
Non-current assets	4,863,492	4,284,832
Capital assets at cost, less accumulated depreciation	2,878,611	2,895,182
Total assets	<u>\$14,450,843</u>	<u>\$11,809,268</u>
Deferred outflows of resources	\$ 230,032	\$ 239,846
Current liabilities	\$ 682,046	\$1,406,691
Noncurrent liabilities	107,071	825,182
Total liabilities	<u>\$ 789,117</u>	<u>\$ 2,231,873</u>
Deferred inflows of resources	\$ 710,460	\$ 60,061
Net position:		
Net investment in capital assets	\$ 2,878,611	\$ 2,895,182
Restricted	8,186,269	6,357,572
Unrestricted	2,116,418	504,426
Total net position	<u>\$13,181,298</u>	<u>\$ 9,757,180</u>

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received from federal grants, state grants, and other local sources. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2022 and 2021 is presented below:

	Year Ended June 30,	
	2022	2021
Operating Revenues:		
Grants	\$ 6,736,777	\$ 8,528,875
Program reimbursements and other local sources	1,633,330	1,682,836
Total operating revenues	<u>\$ 8,370,107</u>	<u>\$10,211,711</u>
Operating Expenses	<u>5,117,524</u>	<u>7,153,217</u>
Operating Income (loss)	<u>\$ 3,252,583</u>	<u>\$ 3,058,494</u>
Non-operating revenues (expenses):		
Interest income	\$ 154,395	\$ 170,905
Gain (loss) on sale of capital assets	17,140	63,468
Net non-operating revenues (expenses)	<u>\$ 171,535</u>	<u>\$ 234,373</u>
Change in net position	\$ 3,424,118	\$ 3,292,867
Net position beginning of year	<u>9,757,180</u>	<u>6,464,313</u>
Net position end of year	<u>\$13,181,298</u>	<u>\$ 9,757,180</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in the net position at the end of the fiscal year.

- Net position for the year increased \$3,424,118. This increase was due to transportation and economic development agency grants.
- ECICOG's operating expenses (without depreciation/amortization) were \$4,402,338 and operating revenues were \$8,370,107. With depreciation/amortization the total expenses were \$5,117,524 and operating revenues remained at \$8,370,107.
- The Agency had decreased revenue in 2022 due to funds received for federal transportation expenses and economic development agency revolving loan funds. Federal capital assistance was \$476,168 for 2022. In 2021 Federal capital assistance was \$1,378,275.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes federal and state support, program reimbursements and other revenue, reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes principal payments and the purchase of capital assets. Cash provided by investing activities includes interest income.

CAPITAL ASSETS

At June 30, 2022, ECICOG had approximately \$2,878,611 invested in capital assets, net of accumulated depreciation/amortization of approximately \$3,537,144. Depreciation/amortization expense totaled \$715,186 for fiscal year 2022. More detailed information about ECICOG's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

The East Central Iowa Council of Government's Board of Directors (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2023 budget and fees that will be charged for Agency activities. ECICOG general operations are expected to remain consistent with the previous year, but could vary according to contracts received during the year.

CONTACTING ECICOG'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of ECICOG's finances and to show ECICOG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact East Central Iowa Council of Governments, 700 16th Street NE, Cedar Rapids, Iowa 52402.

Basic Financial Statements

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
STATEMENTS OF NET POSITION
JUNE 30, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 5,264,705	\$ 3,414,010	\$2,192,814
Prepaid expenses	14,414	13,007	13,373
Accounts receivable	413,373	280,458	888,937
Revolving loans receivable	1,016,248	921,779	664,955
Total current assets	<u>\$ 6,708,740</u>	<u>\$ 4,629,254</u>	<u>\$3,760,079</u>
Noncurrent assets:			
Revolving loans receivable	<u>\$ 4,863,492</u>	<u>\$ 4,284,832</u>	<u>\$2,281,208</u>
Capital assets:			
Furniture and equipment	\$ 72,717	\$ 64,407	\$ 58,471
Vehicles - unrestricted	1,126,442	1,054,278	914,432
Vehicles - restricted	5,059,894	4,808,564	4,464,433
Leasehold improvements	43,847	42,624	42,624
Right-to-use leased building	97,369	-	-
Right-to-use leased equipment	15,486	-	-
Total	<u>\$ 6,415,755</u>	<u>\$ 5,969,873</u>	<u>\$5,479,960</u>
Less accumulated depreciation/amortization	<u>(3,537,144)</u>	<u>(3,074,691)</u>	<u>(3,711,543)</u>
Net capital assets	<u>\$ 2,878,611</u>	<u>\$ 2,895,182</u>	<u>\$1,768,417</u>
Total assets	<u>\$14,450,843</u>	<u>\$11,809,268</u>	<u>\$7,809,704</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	<u>\$ 230,032</u>	<u>\$ 239,846</u>	<u>\$ 237,357</u>
LIABILITIES:			
Current liabilities:			
Trade accounts payable	\$ 369,295	\$ 1,199,177	\$ 577,855
Accrued benefits payable	75,071	21,314	32,056
Unearned revenue	237,680	186,200	119,268
Total current liabilities	<u>\$ 682,046</u>	<u>\$ 1,406,691</u>	<u>\$ 729,179</u>
Noncurrent liabilities:			
Lease agreements	\$ 88,669	\$ -	\$ -
Net pension liability	18,402	825,182	734,658
Total non-current liabilities	<u>\$ 107,071</u>	<u>\$ 825,182</u>	<u>\$ 734,658</u>
Total liabilities	<u>\$ 789,117</u>	<u>\$ 2,231,873</u>	<u>\$1,463,837</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	<u>\$ 710,460</u>	<u>\$ 60,061</u>	<u>\$ 118,911</u>
NET POSITION:			
Net investment in capital assets	\$ 2,878,611	\$ 2,895,182	\$1,768,417
Restricted for:			
Revolving loan funds	8,186,269	6,357,572	4,192,136
Unrestricted	<u>2,116,418</u>	<u>504,426</u>	<u>503,760</u>
Total net position	<u>\$13,181,298</u>	<u>\$ 9,757,180</u>	<u>\$6,464,313</u>

See Notes to Financial Statements.

**EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022, 2021 and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
OPERATING REVENUES:			
Federal funds	\$ 5,918,996	\$ 7,651,855	\$ 4,274,693
State funds	817,781	877,020	731,094
Local funds	1,633,330	1,682,836	1,193,956
Total operating revenues	<u>\$ 8,370,107</u>	<u>\$10,211,711</u>	<u>\$ 6,199,743</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	\$ 1,289,688	\$ 1,345,861	\$ 1,172,490
Payroll taxes	97,647	86,147	74,766
Travel	17,220	9,269	21,442
Travel - professional development	9,240	131	9,218
Utilities	12,506	9,619	10,470
Repairs and maintenance	4,555	2,112	1,087
Pass-thru	2,639,483	4,462,646	3,016,552
Contracted services	77,682	14,105	119,758
Office expense	5,200	4,387	4,769
Software expense	26,754	22,421	10,270
Printing and copying	7,795	7,530	7,062
Advertising	1,734	1,810	2,171
Miscellaneous	2,271	-	-
Dues and subscriptions	14,848	16,968	13,661
Rent	-	47,664	47,592
Education and training	2,932	4,299	4,716
Director transition expense	-	-	1,484
Insurance	19,838	17,221	17,213
Legal and accounting	20,452	18,540	16,873
Special legal	6,028	2,843	1,742
Depreciation	667,290	529,164	370,480
Amortization right to use assets	47,896	-	-
Interest expense leased assets	266	-	-
Freight and postage	3,487	2,865	1,740
Summer library reading	3,791	3,788	3,500
JC-FHLB	14	-	242
CEDS update	51,500	28,500	-
Iowa City CDBG	31,328	327,704	-
Rural recovery challenge	12,500	10,000	-
ECICOG RLF2	43,579	41,647	-
Bad debt expense	-	135,976	34,936
Total operating expenses	<u>\$ 5,117,524</u>	<u>\$ 7,153,217</u>	<u>\$ 4,964,234</u>
Operating Income (loss)	<u>\$ 3,252,583</u>	<u>\$ 3,058,494</u>	<u>\$ 1,235,509</u>
Non-operating revenues (expenses):			
Interest income	\$ 154,395	\$ 170,905	\$ 92,006
Gain (loss) on sale of capital assets	17,140	63,468	12,305
Net non-operating revenues (expenses)	<u>\$ 171,535</u>	<u>\$ 234,373</u>	<u>\$ 104,311</u>
Change in net position	\$ 3,424,118	\$ 3,292,867	\$1,339,820
Net position beginning of year	<u>9,757,180</u>	<u>6,464,313</u>	<u>5,124,493</u>
Net position end of year	<u>\$13,181,298</u>	<u>\$ 9,757,180</u>	<u>\$ 6,464,313</u>

See Notes to Financial Statements.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:			
Cash received from local sources	\$ 1,615,384	\$ 1,626,118	\$ 1,321,914
Cash received from state operating grants	761,314	881,382	726,732
Cash received from federal operating grants	3,343,771	5,204,879	2,571,711
Cash paid for salaries and benefits	(1,382,498)	(1,442,750)	(1,188,194)
Cash paid for other suppliers of goods and services	(3,742,066)	(4,778,512)	(2,795,754)
Net cash provided (used) by operating activities	<u>\$ 595,905</u>	<u>\$ 1,491,117</u>	<u>\$ 636,409</u>
Cash flows from capital and related financing activities:			
Cash received from federal capital grants	\$ 476,168	\$ 1,378,275	\$ 838,364
Net acquisition of capital assets	(552,516)	(1,655,930)	(995,849)
Cash received from asset sales	13,355	63,468	12,305
Net cash used by capital and related financing activities	<u>\$ (62,993)</u>	<u>\$ (214,187)</u>	<u>\$ (145,180)</u>
Cash flows from investing activities:			
Cash paid for revolving loan funds	\$ (1,563,236)	\$ (3,380,710)	\$ (694,571)
Cash received from revolving loan funds	2,726,624	3,154,071	1,038,695
Interest received	154,395	170,905	92,006
Net cash provided (used) by investing activities	<u>\$ 1,317,783</u>	<u>\$ (55,734)</u>	<u>\$ 436,130</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,850,695	\$ 1,221,196	\$ 927,359
Cash and cash equivalents beginning of year	<u>3,414,010</u>	<u>2,192,814</u>	<u>1,265,455</u>
Cash and cash equivalents end of year	<u>\$ 5,264,705</u>	<u>\$ 3,414,010</u>	<u>\$ 2,192,814</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 3,252,583	\$ 3,058,494	\$ 1,235,509
Adjustments for long-term non-cash items:			
Depreciation/amortization	715,186	529,164	370,480
Revenues and expenses not classified as operating	(2,366,330)	(3,412,083)	(803,428)
Change in assets and liabilities:			
(Increase) decrease in prepaid expenses	(1,407)	366	3,604
(Increase) decrease in accounts receivables	(132,915)	608,479	(616,640)
Increase (decrease) in accounts payable	(829,882)	621,322	317,893
Increase (decrease) in accrued benefits payable	53,757	(10,742)	(15,704)
Increase (decrease) in unearned revenue	51,480	66,932	119,268
Increase (decrease) in net pension liability	(806,780)	90,524	(12,497)
(Increase) decrease in deferred outflow of resources	9,814	(2,489)	(25,276)
Increase (decrease) in deferred inflow of resources	650,399	(58,850)	63,200
Net cash provided (used) by operating activities	<u>\$ 595,905</u>	<u>\$ 1,491,117</u>	<u>\$ 636,409</u>
Supplemental disclosure of cash flow information:			
Interest paid	<u>\$ 266</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

Basic Financial Statements

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022, 2021 and 2020

(1) Organization

The East Central Iowa Council of Governments (ECICOG) is an Inter-Governmental Council, established in accordance with provisions of Chapter 28E of the State Code of Iowa (Inter-Governmental Cooperation Agreement). The area of jurisdiction is Region 10 which includes Benton, Iowa, Johnson, Jones, Linn and Washington counties. ECICOG's powers and duties are those authorized by Chapter 28H of the State of Iowa (Councils of Governments). ECICOG provides professional and technical services on a regional basis to maintain area-wide certification for state and federal grant and aid projects. It also provides planning advisory services and assistance in preparing special planning documents and applications to its members. ECICOG also provides transportation services to the elderly, disabled and rural areas through East Central Iowa Transit. In performing its duties, ECICOG may contract with and expend funds from federal, state, and local agencies, public or semi-public agencies and private individuals and Corporations.

Reporting Entity

For financial reporting purposes, ECICOG has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with ECICOG are such that exclusion would cause ECICOG's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of ECICOG to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on ECICOG. ECICOG has no component units which meet the Governmental Accounting Standards Board criteria.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounts of ECICOG are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

The Statements of Net Position present ECICOG's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
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(2) Summary of Significant Accounting Policies - continued

(b) Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

When an expenditure is incurred which can be paid using either restricted or unrestricted resources, the Agency's policy is to pay the expenditure from restricted fund balance and then from less-restrictive fund balances.

ECICOG distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the ECICOG's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(c) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the Statement of Net Position:

Cash and Cash Equivalents - The cash balances are invested. For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Capital Assets - Capital assets are accounted for at historical cost (except for intangible right-to-use leases assets, the measurement of which is discussed under "leases" below). Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by ECICOG as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Furniture and Equipment	\$ 250
Vehicles	500
Leasehold Improvements	500
Right-to-use leased assets	500

Capital assets of ECICOG are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Furniture and Equipment	7-10
Vehicles	5-7
Leasehold Improvements	10-15
Right-to-use leased assets	2-10

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(2) Summary of Significant Accounting Policies - continued

Leases - ECICOG is the lessee for a noncancellable lease of equipment and an office building. The Agency has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the balance sheet. The Agency recognizes lease liabilities with an initial, individual value of \$500 or more.

At the commencement of a lease, the Agency initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Agency after the measurement date but before the end of the Agency's reporting period.

Accrued Benefits Payable - Accrued benefits payable are paid time off and compensatory time and have been accrued as liabilities on the statement of net position. These current liabilities have been computed based on rates of pay in effect at June 30, 2022.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consist of unrecognized items not yet charged to pension and unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Restricted Net Position - The Council of Government's restricted net position represents the reserve for revolving loan funds. These amounts are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

(3) Cash and Investments

ECICOG's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
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(3) Cash and Investments - continued

12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

ECICOG is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

ECICOG had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk - ECICOG's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days.

Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of ECICOG.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Furniture and equipment	\$ 64,407	\$ 8,310	\$ -	\$ 72,717
Vehicles	5,862,842	552,517	229,023	6,186,336
Leasehold improvements	42,624	1,223	-	43,847
Right-to-use leased building	23,710	97,369	23,710	97,369
Right-to-use leased equip- ment	-	15,486	-	15,486
Total capital assets being depreciated/ amortized	\$5,993,583	\$ 674,905	\$ 252,733	\$ 6,415,755

Less: accumulated depreciation/amortization for:

Furniture and equipment	\$ 31,788	\$ 8,689	\$ -	\$ 40,477
Vehicles	3,000,279	658,514	229,023	3,429,770
Leasehold improvements	42,624	87	-	42,711
Right-to-use leased assets	-	47,896	23,710	24,186
Total accumulated depreciation/ amortization	\$3,074,691	\$ 715,186	\$ 252,733	\$3,537,144
Total capital assets, net	<u>\$2,918,892</u>	<u>\$ (40,281)</u>	<u>\$ -</u>	<u>\$ 2,878,611</u>

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
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(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	<u>Lease Agreement</u>	<u>Net Pension Liability (asset)</u>	<u>Total</u>
Balance beginning of year, restated	\$ 23,711	\$ 825,182	\$ 848,893
Increases	112,854	-	112,854
Decreases	<u>47,896</u>	<u>806,780</u>	<u>854,676</u>
Balance end of year	<u>\$ 88,669</u>	<u>\$ 18,402</u>	<u>\$ 107,071</u>
Due within one year	<u><u>\$ 51,274</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 51,274</u></u>

Lease Agreements

On June 7, 2022, the Agency entered into a lease agreement for a copier. An initial lease liability was recorded in the amount of \$15,486. The agreement requires monthly payments of \$261 over 5 years with an initial payment made August 1, 2022 for \$261, with an implicit interest rate of 0.44% and final payment due July 1, 2027.

On January 1, 2022, the Agency entered into a lease agreement for office building rental with an initial lease liability of \$97,368. The agreement requires monthly payments of \$4,057 over 2 years, with an implicit interest rate of 0.44% and final payment due December 1, 2023.

Future principal and interest lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	<u>Copier</u>			<u>Office Building</u>			<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,814	\$ 57	\$ 2,871	\$ 48,460	\$ 224	\$ 48,684	\$ 51,274	\$ 281	\$ 51,555
2024	3,082	50	3,132	24,723	32	24,755	27,805	82	27,887
2025	3,096	36	3,132	-	-	-	3,096	36	3,132
2026	3,110	22	3,132	-	-	-	3,110	22	3,132
2027	3,123	9	3,132	-	-	-	3,123	9	3,132
2028	261	-	261	-	-	-	261	-	261
Total	<u>\$ 15,486</u>	<u>\$ 174</u>	<u>\$15,660</u>	<u>\$ 73,183</u>	<u>\$ 256</u>	<u>\$73,439</u>	<u>\$ 88,669</u>	<u>\$ 430</u>	<u>\$89,099</u>

(6) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the Agency, except those covered by another retirement system. Employees of the Agency are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022, 2021 and 2020

(6) Pension Plan - continued

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Agency contributed 9.44% of covered payroll, for a total rate of 15.73%.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
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(6) Pension Plan - continued

The Agency's contributions to IPERS for the year ended June 30, 2022 totaled \$106,589.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the Agency reported a liability of \$18,402 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021 and the pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the Agency's proportion was 0.013127%, which was an increase of 0.001298% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Agency recognized pension expense of \$253,156. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,002	\$ 14,059
Changes of assumptions	12,037	-
Net difference between projected and actual earnings on IPERS investments	-	666,750
Changes in proportion and differences between Agency contributions and the Agency's proportionate share of contributions	97,404	29,651
Agency contributions subsequent to the measurement date	<u>106,589</u>	<u>-</u>
Total	<u>\$ 230,032</u>	<u>\$ 710,460</u>

\$106,589 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30 ,</u>	<u>Total</u>
2023	\$ (138,674)
2024	(145,965)
2025	(140,060)
2026	(169,370)
2027	<u>7,052</u>
Total	<u>\$ (587,017)</u>

There were no non-employer contributing entities to IPERS.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022, 2021 and 2020

(6) Pension Plan - continued

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022, 2021 and 2020

(6) Pension Plan - continued

payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1%</u> Decrease (6.00%)	<u>Discount</u> Rate (7.00%)	<u>1%</u> Increase (8.00%)
Agency's proportionate share of the net pension liability	\$ 651,323	\$ 18,402	\$ (512,025)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(7) Other Post Employment Benefits (OPEB)

Plan Description - The Agency administers a single-employer benefit plan which provides medical, prescription and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by the Agency and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same age adjusted premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2022, there were 16 active employees and no retirees covered by the plan.

Net OPEB Liability - Management of the Agency considers any OPEB obligation, which may exist, to be immaterial.

(8) Risk Management

ECICOG is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. ECICOG assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economics, including that of ECICOG, remains uncertain.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022, 2021 and 2020

(9) COVID-19 - continued

To date, the outbreak has not created a material disruption to the operations of ECICOG. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Agency.

(10) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Long-term Liabilities Lease Agreements
Balance June 30, 2021, as previously reported	\$ 2,895,182	\$ -
Change to implement GASBS No. 87	<u>23,711</u>	<u>23,711</u>
Balances July 1, 2021, as restated	<u>\$ 2,918,893</u>	<u>\$ 23,711</u>

Required Supplementary Information

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST EIGHT YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

	<u>2022</u>	<u>2021</u>
Agency's proportion of the net pension liability	0.013127%	0.011829%
Agency's proportionate share of the net pension liability	\$ 18	\$ 825
Agency's covered payroll	\$1,069	\$ 932
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	1.68%	88.52%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See Accompanying Independent Auditor's Report.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.012602%	0.011810%	0.011037%	0.010851%	0.011595%	0.011280%
\$ 735	\$ 747	\$ 729	\$ 677	\$ 576	\$ 456
\$ 966	\$ 887	\$ 770	\$ 772	\$ 799	\$ 756
76.09%	84.22%	94.68%	87.69%	72.09%	60.32%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
SCHEDULE OF AGENCY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST EIGHT YEARS
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 107	\$ 101
Contributions in relation to the statutorily required contribution	<u>(107)</u>	<u>(101)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Agency's covered payroll	\$ 1,129	\$ 1,069
Contributions as a percentage of Covered payroll	9.48%	9.44%

See Accompanying Independent Auditor's Report.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 88	\$ 91	\$ 79	\$ 73	\$ 69	\$ 71
(88)	(91)	(79)	(73)	(69)	(71)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 932	\$ 966	\$ 887	\$ 820	\$ 772	\$ 799
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
YEAR ENDED JUNE 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Supplementary Information

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS
YEAR ENDED JUNE 30, 2022

	STA Oper Assistance	STA Oper INFR-SYF22	Operating 2020-001- 01-SFY22
Operating Expenses:			
Contractual Services	\$ 642,816	\$ 491,199	\$ 869,447
Capital Outlay	-	-	-
Prior Year	-	-	-
Project Cost	\$ 642,816	\$ 491,199	\$ 869,447
Grant Participation in Project Cost	100%	80%	80%
Percentage Participation	<u>\$ 642,816</u>	<u>\$ 392,959</u>	<u>\$ 695,558</u>
Contract Amount	<u>\$ 642,816</u>	<u>\$ 472,456</u>	<u>\$ 319,834</u>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$ 642,816	\$ 392,959	\$ 319,834
Less: Grant Payments received in current year	(586,349)	(392,959)	(319,834)
Less: Grant Payments received in prior year	-	-	-
Grant Receivable/(Payable) at June 30, 2022	<u>\$ 56,467</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

Operating 2019-024- 01-SFY22	CARES Operating 2021-015- 00-FY21	Capital 2019-007- 01-FY19	Capital 2019-008- 01-FY19	Operating IA-2019-010- 00-100-FY18
\$ 1,681,382	\$1,003,996	\$ -	\$ -	\$ 1,169,259
-	-	452,849	107,349	-
-	-	551,885	482,402	3,581,424
\$ 1,681,382	\$1,003,996	\$ 1,004,734	\$ 589,751	\$ 4,750,683
50%	100%	85%	85%	80%/100%
<u>\$ 840,691</u>	<u>\$1,003,996</u>	<u>\$ 845,236</u>	<u>\$ 501,284</u>	<u>\$ 3,800,544</u>
<u>\$ 651,771</u>	<u>\$1,003,996</u>	<u>\$ 1,037,425</u>	<u>\$ 1,031,815</u>	<u>\$ 9,076,201</u>
\$ 651,771	\$1,003,996	\$ 845,236	\$ 501,284	\$ 3,800,544
(651,771)	(1,003,996)	(384,922)	(91,246)	(823,477)
-	-	(460,314)	(410,038)	(2,803,437)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,630</u>

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS
YEAR ENDED JUNE 30, 2022

	<u>21RPA-R10</u>	<u>22RPA-R10</u>	<u>Fellowships</u>
Operating Expenses:			
Contractual Services	\$ -	\$ 191,293	\$ 7,270
Capital Outlay	-	-	-
Prior Year	<u>188,100</u>	<u>-</u>	<u>-</u>
Project Cost	\$ 188,100	\$ 191,293	\$ 7,270
Grant Participation in			
Project Cost	<u>80%</u>	<u>80%</u>	<u>100%</u>
Percentage Participation	<u>\$ 150,480</u>	<u>\$ 153,034</u>	<u>\$ 7,270</u>
Contract Amount	<u>\$ 187,329</u>	<u>\$ 153,034</u>	<u>\$ 7,270</u>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$ 150,480	\$ 153,034	\$ 7,270
Less: Grant Payments received in current year	(40,920)	(106,830)	(3,208)
Less: Grant Payments received in prior year	<u>(109,560)</u>	<u>-</u>	<u>-</u>
Grant Receivable/(Payable) at June 30, 2022	<u>\$ -</u>	<u>\$ 46,204</u>	<u>\$ 4,062</u>

See Accompanying Independent Auditor's Report.

SCHEDULE 1
(continued)

EDA ED20DEN 307058	EDA ED16DEN 3020025	Homeland Security Hazardous Mit	Total
\$ 223,931	\$ 142,534	\$ 130,255	\$ 6,553,382
-	-	-	560,198
139,644	133,250	99,913	5,176,618
\$ 363,575	\$ 275,784	\$ 230,168	\$12,290,198
100%	50%	100%	
<u>\$ 363,575</u>	<u>\$ 137,892</u>	<u>\$ 230,168</u>	<u>\$ 9,765,503</u>
<u>\$ 400,000</u>	<u>\$ 192,000</u>	<u>\$ 263,920</u>	<u>\$15,439,867</u>
\$ 363,575	\$ 137,892	\$ 230,168	\$ 9,200,859
(150,000)	(70,000)	(173,765)	(4,799,277)
(200,000)	(70,000)	(36,410)	(4,089,759)
<u>\$ 13,575</u>	<u>\$ (2,108)</u>	<u>\$ 19,993</u>	<u>\$ 311,823</u>

**EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

<u>GRANTOR/PROGRAM</u>	<u>ASSISTANCE LISTINGS NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>
U.S. Department of Commerce:		
Economic Development Administration:		
Economic Development Support	11.302	ED20DEN3020025
Economic Adjustment Assistance	11.307	05-79-04694
Covid 19, Economic Adjustment Assistance	11.307	05-79-06003
Covid 19, Economic Adjustment Assistance	11.307	ED20DEN307058
Total U.S. Department of Commerce		
U.S. Department of Transportation:		
Passed through Iowa Department of Transportation:		
Highway Planning and Construction	20.205	22-RPA10
Metropolitan Transportation Planning	20.505	22-RPA10
Federal Transit Formula Grant:		
Federal Transit Formula Grant	20.507	IA-2020-010-00-100-FY18
Bus and Bus Facilities Formula Program	20.526	2019-007-00-01-FY19
Bus and Bus Facilities Formula Program	20.526	2019-008-01-FY19
Covid 19, Formula Grants for Rural Areas	20.509	2021-015-00-FY21
Formula Grants for Rural Areas	20.509	22-RPA10
Formula Grants for Rural Areas	20.509	2019-024-01-SFY22
Formula Grants for Rural Areas	20.509	Fellowships
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2020-001-01-FY22
Total U.S. Department of Transportation		
U.S. Department of Homeland Security:		
Passed through Iowa Department of Homeland Security:		
Building Resilient Infrastructure and Communities	97.047	Hazardous Mitigation
Total U.S. Department of Homeland Security		
Total		

**PROGRAM
EXPENDITURES**

\$ 70,000

\$ 3,825,528

4,174,140

210,356

\$ 8,210,024

\$ 8,280,024

\$ 119,517

\$ 13,866

\$ 897,125

384,922

91,246

\$ 1,373,293

\$ 1,003,996

19,651

651,771

7,270

\$ 1,682,688

\$ 319,834

\$ 3,509,198

\$ 130,255

\$ 130,255

\$ 11,919,477

(continued)

**EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Computation of Assistance Listings Number 11.307-Economic Adjustment Assistance

	Grant Number 05-79-04694	Grant Number 05-79-06003
Balance of RLF loans outstanding 6/30/22	\$ 2,500,034	\$ 3,379,706
RLF cash 6/30/22	1,580,529	599,771
Administrative expense paid out in 2022	-	194,663
Principal balance written off in 2022	-	-
Total	\$ 4,080,563	\$ 4,174,140
Federal percentage	93.75%	100%
Amount included on Schedule of Expenditures of Federal Awards	\$ 3,825,528	\$ 4,174,140

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of ECICOG under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ECICOG, it is not intended to and does not present the financial position, changes in financial position or cash flows of ECICOG.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - ECICOG has elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Subrecipients - None

See Accompanying Independent Auditor's Report.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
East Central Iowa Council of Governments:

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of ECICOG, as of and for the years ended June 30, 2022, 2021 and 2020 and the related Notes to Financial Statements, which collectively comprise the Agency's basic financial statements, and have issued my report thereon dated November 28, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered ECICOG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ECICOG's internal control. Accordingly, I do not express an opinion on the effectiveness of ECICOG's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Part II of the accompanying Schedule of Findings and Questioned Costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency described in Part II of the accompanying Schedule of Findings as item 2022-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part II of the accompanying Schedule of Findings as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ECICOG's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my

audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. No instances of non-compliance or other matters were noted.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Agency. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

ECICOG's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on ECICOG's responses to the findings identified in my audit and described in the accompanying Schedule of Findings. ECICOG's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of ECICOG during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

A handwritten signature in cursive script, appearing to read "Larry Pump".

Charles City, Iowa
November 28, 2022



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
East Central Iowa Council of Governments:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited East Central Iowa Council of Government's (ECICOG's) compliance with the types of compliance requirements identified in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on ECICOG's major federal programs for the year ended June 30, 2022. ECICOG's major federal programs are identified in Part I of the accompanying Schedule of Findings.

In my opinion, ECICOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS) the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards), and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance and Uniform Guidance section of my report.

I am required to be independent of ECICOG, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each federal program. My audit does not provide a legal determination of ECICOG's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to ECICOG's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirement referred to above occurred, whether due to fraud or error, and to express an opinion on ECICOG's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS and Government Auditing Standards, and the Uniform Guidance, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ECICOG'S compliance with the compliance requirements referred to above and performing such other procedures as I consider necessary in the circumstances.
- Obtain an understanding of ECICOG'S internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ECICOG's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant that I identified deficiencies and material weaknesses in internal control over compliance that I identify during the audit.

Report on Internal Control Over Compliance

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies as internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that was not identified. However, as discussed below, I did identify deficiencies in internal control over compliance that I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination

of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a significant deficiency.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on ECICOG's response to the internal control over compliance finding identified in my audit is reported in the accompanying Schedule of Findings. ECICOG's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "Larry Pump".

Charles City, Iowa
November 28, 2022

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2022

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A significant deficiency and a material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements. No significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were Assistance Listings Number 11.307 - Economic Adjustment Assistance, Federal Transit Cluster 20.507 - Federal Transit Formula Grant and 20.526 - Bus and Bus Facilities Formula Program, and 20.509 Formula Grants for Rural Areas.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) ECICOG did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Agency's financial statements.

Condition - Generally, one individually has control over the following areas for the Agency

- (1) Accounting system - record keeping for revenues, expenses and related reporting.
- (2) Receipts - collecting, depositing, journalizing and posting.
- (3) Payroll - changes to the master list, preparation and distribution.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2022

Part II: Findings Related to the Financial Statements: - continued

Cause - The Agency has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the Agency's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - The Agency should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff or Agency Board members to provide additional control through review of financial transactions, reconciliations and reports.

Response - Due to the limited number of office employees, segregation of duties is very difficult.

Conclusion - Response accepted. This comment was repeated from the prior year.

2022-002 Countersignature of Checks

Criteria - Management is responsible for establishing and maintaining control over disbursements. Dual signatures help prevent losses from improper disbursements.

Condition - The Agency requires checks to be signed by two authorized individuals. I noted a check with only one authorized signature.

Cause - Procedures have not been established to ensure checks have dual signatures.

Effect - Inadequate procedures could adversely affect the Agency's ability to detect and correct misstatements on a timely basis.

Recommendation - Checks should be prepared and signed by one individual and then the supporting documentation should be made available along with the check to a second independent individual for review and countersignature.

Response - We will follow procedures for two signatures on all checks.

INSTANCES OF NON-COMPLIANCE:

There were no prior year or current year instances of non-compliance noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

There were no prior year or current year instances of non-compliance noted.

INTERNAL CONTROL DEFICIENCY:

Assistance Listing Number 11.307: Economic Adjustment Assistance
Federal Award Year: 2022
U.S. Department of Commerce

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2022

Part III: Findings and Questioned Costs for Federal Awards: - continued

Assistance Listing Number 20.507: Federal Transit Formula Grant

Federal Award Year: 2022

U.S. Department of Transportation

Passed through the Iowa Department of Transportation

Assistance Listing Number 20.526: Bus and Bus Facilities Formula Grant

Federal Award Year: 2022

U.S. Department of Transportation

Passed through the Iowa Department of Transportation

Assistance Listing Number 20.509: Formula Grants for Rural Areas

Federal Award Year: 2022

U.S. Department of Transportation

Passed through the Iowa Department of Transportation

(2022-001) Segregation of Duties over Federal Revenues and Expenses - The Agency did not properly segregate custody, recordkeeping and reconciling functions for revenues and expenses, including those related to federal programs. This comment was repeated from the prior year.

Part IV: Other Findings Related to Required Statutory Reporting:

2022-A Questionable Expenses - No expenses I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2022-B Travel Expense - No expenses of ECICOG money for travel expenses of spouses of ECICOG officials or employees were noted.

2022-C Business Transactions - No business transactions between ECICOG and ECICOG officials or employees were noted.

2022-D Bond Coverage - Surety bond coverage of ECICOG officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

2022-E Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and ECICOG's investment policy were noted.

2022-F Board Minutes - No transactions were found that I believe should have been approved in the Board minutes but were not.

2022-G Restricted Donor Activity - No transactions were noted between the Agency, Agency officials, Agency employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.